

HEALTH CARE MUTUAL CAPTIVE INSURANCE COMPANY

SURPLUS NOTE

For value received, the undersigned, Health Care Mutual Captive Insurance Company (the "Borrower"), does hereby promise to pay to _____ (the "Member"), Dollars (\$ _____), without interest, in accordance with the terms and conditions set forth below.

No demand upon this Surplus Note shall be made by the Member or honored by the Borrower, and no payment of principal or interest shall be due or required by the Member or made by the Borrower at any time when any such payment would reduce:

- (1) the Borrower's remaining surplus, calculated according to statutory insurance accounting under the laws of Georgia and the regulations of the Georgia Insurance Department (the "Department"), to an amount less than \$500,000 or the amount of the Borrower's surplus immediately prior to the time the surplus loan evidenced by this Surplus Note was made, whichever is greater; or
- (2) the Borrower's earned surplus, calculated according to statutory insurance accounting under the laws of Georgia and the regulations of the Department, to an amount less than \$0 or the amount of the Borrower's earned surplus immediately prior to the time the surplus loan evidenced by this Surplus Note was made, whichever is greater.

All payments of principal and interest shall be payable only out of the Borrower's earned surplus or out of additional contributed surplus in excess of that surplus required by law to transact the kinds of insurance for which the Borrower is authorized, or in excess of the Borrower's surplus on the date hereof, whichever is greater. No payment of principal or interest shall be made hereunder which would increase the ratio of net written premium to surplus above four to one. In addition, the Borrower agrees to notify the Department of Insurance in writing prior to any proposed payment. Once the Department has been notified, it shall have thirty (30) days to approve or disapprove any such proposed payment. If the Department does not respond within such 30-day period, then it shall be deemed to have approved such payment. The Department may disallow a payment if it finds that such payment is in violation of the above conditions or current law.

The principal amount of this Surplus Note, together with any interest due thereon, shall not be considered on the financial statements of the Borrower as a legal liability or be the basis of any offset. Wherever and whenever reference is made herein to the Borrower or the Member, the same shall include any transferee, assignee or successor of either the Borrower or the Member, and any transferee, assignee or successor of either the Borrower or the Member shall take this Surplus Note subject to all of the rights, privileges, duties and obligations of the Borrower or the Member. This Surplus Note shall be executed in accordance with the provisions of that certain Policyholder Agreement between the Borrower and the Member.

GIVEN UNDER THE HAND AND SEAL of the undersigned the day and year first written above.

MEMBER:
CAPTIVE INSURANCE COMPANY

HEALTH CARE MUTUAL

By:

By:

Name:

Name:

Title:

Title: